

Auditing Procedures Report

Issued under P.A. 2 of 1968, as amended.

Local Government Type <input type="checkbox"/> City <input type="checkbox"/> Township <input type="checkbox"/> Village <input checked="" type="checkbox"/> Other		Local Government Name ANTRIM COUNTY TRANSPORTATION	County ANTRIM
Audit Date 12/31/04	Opinion Date 5/10/05	Date Accountant Report Submitted to State: 6/16/05	

We have audited the financial statements of this local unit of government and rendered an opinion on financial statements prepared in accordance with the Statements of the Governmental Accounting Standards Board (GASB) and the *Uniform Reporting Format for Financial Statements for Counties and Local Units of Government in Michigan* by the Michigan Department of Treasury.

We affirm that:


1. We have complied with the *Bulletin for the Audits of Local Units of Government in Michigan* as revised.
2. We are certified public accountants registered to practice in Michigan.

We further affirm the following. "Yes" responses have been disclosed in the financial statements, including the notes, or in the report of comments and recommendations.

You must check the applicable box for each item below.

- ☐ Yes ☒ No 1. Certain component units/funds/agencies of the local unit are excluded from the financial statements.
- ☐ Yes ☒ No 2. There are accumulated deficits in one or more of this unit's unreserved fund balances/retained earnings (P.A. 275 of 1980).
- ☐ Yes ☒ No 3. There are instances of non-compliance with the Uniform Accounting and Budgeting Act (P.A. 2 of 1968, as amended).
- ☐ Yes ☒ No 4. The local unit has violated the conditions of either an order issued under the Municipal Finance Act or its requirements, or an order issued under the Emergency Municipal Loan Act.
- ☐ Yes ☒ No 5. The local unit holds deposits/investments which do not comply with statutory requirements. (P.A. 20 of 1943 as amended [MCL 129.91], or P.A. 55 of 1962, as amended [MCL 38.1132]).
- ☐ Yes ☒ No 6. The local unit has been delinquent in distributing tax revenues that were collected for another taxing unit.
- ☐ Yes ☒ No 7. The local unit has violated the Constitutional requirement (Article 9, Section 24) to fund current year earned pension benefits (normal costs) in the current year. If the plan is more than 100% funded and the overfunding credits are more than the normal cost requirement, no contributions are due (paid during the year).
- ☐ Yes ☒ No 8. The local unit uses credit cards and has not adopted an applicable policy as required by P.A. 266 of 1991 (MCL 129.241).
- ☐ Yes ☒ No 9. The local unit has not adopted an investment policy as required by P.A. 196 of 1997 (MCL 129.95).

We have enclosed the following:	Enclosed	To Be Forwarded	Not Required
The letter of comments and recommendations.			✓
Reports on individual federal financial assistance programs (program audits).			✓
Single Audit Reports (ASLGR).			✓

Certified Public Accountant (Firm Name) THOMAS R ZICK CPA, P C			
Street Address P O BOX 149		City LEWISTON	State MI
Accountant Signature 		ZIP 49756	Date 6/16/05

ANTRIM COUNTY TRANSPORTATION
AUDITED FINANCIAL STATEMENTS
DECEMBER 31, 2004

ANTRIM COUNTY TRANSPORTATION

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Thomas R. Zick CPA, P.C.
CERTIFIED PUBLIC ACCOUNTANT

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INDEPENDENT AUDITOR'S REPORT

May 10, 2005

Board of Commissioners
Antrim County
Bellaire, Michigan 49615

I have audited the accompanying statement of net assets of Antrim County Transportation, an enterprise fund of the County of Antrim, Michigan, and the related statements of revenue, expenses, and changes in net assets, and cash flows for the year then ended. These statements are the responsibility of the Transportation's management. My responsibility is to express an opinion on these financial statements based on my audit.

I conducted my audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that I plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. I believe that my audit provides a reasonable basis for my opinion.

In my opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Antrim County Transportation as of December 31, 2004, and the results of their operations and their cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

My audit was made for the purpose of forming an opinion on the financial statements taken as a whole. The accompanying financial information listed as supplemental information in the table of contents is presented for purposes of additional analysis and is not a required part of the financial statements of Antrim County Transportation. Such information has been subjected to the auditing procedures applied in the audit of the financial statements, and in my opinion, is fairly stated, in all material respects, in relation to the financial statements, taken as a whole.

The Antrim County Transportation Fund has not presented the Management's Discussion and Analysis that the Government Accounting Standards Board has determined is necessary to supplement, although not required to be a part of, the basic financial statements.

THOMAS R. ZICK CPA, P.C.
CERTIFIED PUBLIC ACCOUNTANT

ANTRIM COUNTY TRANSPORTATION
STATEMENT OF NET ASSETS
DECEMBER 31, 2004

ASSETS

CURRENT ASSETS

Cash and investments	\$ 183,621
Accounts receivable	22,191
Due from governmental units	37,290
Inventories	13,623
Prepaid expenses	<u>9,590</u>
Total Current Assets	266,315

FIXED ASSETS

Property and equipment, less accumulated depreciation	<u>568,114</u>
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Total Assets	<u><u>\$ 834,429</u></u>
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LIABILITIES AND NET ASSETS

CURRENT LIABILITIES

Accounts payable	\$ 60,462
Accrued sick pay/wages	<u>11,171</u>

Total Current Liabilities	71,633
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NET ASSETS

Invested in capital assets net of related debt	568,114
Unrestricted	<u>194,682</u>

Total Net Assets	<u><u>\$ 762,796</u></u>
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See Notes to Financial Statements

ANTRIM COUNTY TRANSPORTATION
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET ASSETS
YEAR ENDED DECEMBER 31, 2004

Operating Revenues: Schedule 1	\$ 234,745
Operating Expenses: Schedule 2	<u>958,924</u>
Operating Income (Loss)	(724,179)
Nonoperating Revenues: Schedule 3	<u>432,903</u>
Increase (decrease) in net assets	(291,276)
Net Assets - January 1	<u>1,054,072</u>
Net Assets - December 31	<u><u>\$ 762,796</u></u>

See Notes to Financial Statements

ANTRIM COUNTY TRANSPORTATION
STATEMENT OF CASH FLOWS
YEAR ENDED DECEMBER 31, 2004

Cash Flows From Operating Activities:	
Cash received from customers	\$ 228,215
Cash payments for goods and services	(246,081)
Cash payments to employees for services/fringe benefits	<u>(521,346)</u>
Net Cash Provided (Used) by Operating Activities	<u>(539,212)</u>
Cash Flows From Non Capital Financing Activities:	
Operating grants received	308,745
Operating transfers in - General Fund	62,000
Expense reimbursement grants	<u>718</u>
Net Cash Provided (Used) by Non Capital Financing Activities	<u>371,463</u>
Cash Flows From Capital and Related Financing Activities:	
Acquisition of capital assets (net)	(6,743)
Capital acquisition grants - received in cash	<u>10,925</u>
Net Cash Provided (Used) by Capital and Related Financing Activities	<u>4,182</u>
Cash Flows From Investing Activities:	
Interest on investments	<u>4,669</u>
Net Cash Provided by Investing Activities	<u>4,669</u>
Net Increase (Decrease) in Cash and Cash Equivalents	(158,898)
Cash and Cash Equivalents - Beginning of Year	<u>342,519</u>
Cash and Cash Equivalents - End of Year	<u><u>\$ 183,621</u></u>
Reconciliation of Operating Income to Net Cash Provided (Used) by Operating Activities	
Operating Income (Loss)	\$ (724,179)
Adjustments to Reconcile Operating Income to Net Cash Provided by Operating Activities:	
Depreciation	161,664
Change in Assets and Liabilities:	
(Increase) Decrease in Accounts Receivable	(6,530)
(Increase) Decrease in Inventories	(4,507)
(Increase) Decrease in Prepaid Expenses	1,555
Increase (Decrease) in Accounts Payable	30,306
Increase (Decrease) in Accrued Liabilities	<u>2,479</u>
Net Cash Provided (Used) by Operating Activities	<u><u>\$ (539,212)</u></u>

See Notes to Financial Statements

ANTRIM COUNTY TRANSPORTATION
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2004

NOTE A - NATURE OF BUSINESS AND SIGNIFICANT ACCOUNTING POLICIES

Reporting Entity - The Antrim Transportation Fund is an enterprise fund of Antrim County. It provides transportation services to the more than 23,000 residents of the County. The accompanying financial statements and additional information present only data for the component unit. It does not present the statements of the oversight unit which is Antrim County, Michigan whose financial statements are presented in a separate report.

The accounting policies of the Transportation fund conform to accounting principles generally accepted in the United States of America as applicable to local governmental units. Because the Transportation fund provides a service to citizens financed by a user charge and federal and state operating grants, the accounts of the Transportation fund are accounted for as an Enterprise Fund, utilizing the full accrual method of accounting.

Basis of Presentation - The financial statements have been prepared in accordance with generally accepted accounting principles as prescribed by Governmental Accounting Standards Board (GASB) in Statement No. 34, *Basic Financial Statements - and Management's Discussion and Analysis - for State and Local Governments*, issued June 1999. The Transportation fund now follows the "business-type" activities reporting requirements of GASB Statement No. 34. There was no impact to the net assets of the Transportation fund in adopting GASB No. 34. No component units are required to be reported in the Transportation fund financial statements.

Use of Estimates - The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect certain reported amounts and disclosures in the financial statements. Actual results could differ from those amounts.

Cash and Cash Equivalents - Cash and cash equivalents include investments in highly liquid debt instruments with an original maturity of three months or less.

Inventories - Inventories are recorded at cost on the first-in first-out basis (FIFO) under the consumption method. Inventories consist primarily of fuel and equipment parts.

Property and Equipment - All property and equipment are valued at historical cost. Donated assets are recorded at the fair market value at the time of the donation. Depreciation on such fixed assets is charged as an expense against the operations on a straight-line basis.

Sick and Vacation Pay - Sick and vacation pay are charged to operations when earned. Unused benefits are recorded as a current liability in the financial statements.

NOTE B - PROPERTY AND EQUIPMENT

Major classes of property and equipment consist of the following:

	Purchased with <u>Capital Grants</u>	Purchased with <u>Local Funds</u>	<u>Total</u>
Vehicles	\$ 1,131,450	\$ 3	\$ 1,131,453
Equipment	226,871	27,955	254,826
Building	282,099	76,397	358,496
Land and Improvements	15,491	-0-	15,491
	<u>1,655,911</u>	<u>104,355</u>	<u>1,760,266</u>
Less accumulated depreciation	<u>(1,119,040)</u>	<u>(73,112)</u>	<u>(1,192,152)</u>
Net Property and Equipment	<u>\$ 536,871</u>	<u>\$ 31,243</u>	<u>\$ 568,114</u>

ANTRIM COUNTY TRANSPORTATION
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2004

NOTE B - PROPERTY AND EQUIPMENT (CONTINUED)

When federal or state funded assets are withdrawn from public transportation service, the disposition of the asset is determined by Michigan Department of Transportation. There was no disposition of assets during 2004.

NOTE C - PENSION PLANS

Transportation Fund employees participate in the overall General County retirement plan. A description of that plan follows:

Plan Description - Antrim County participates in a defined benefit retirement plan administered by the Municipal Employee's Retirement System (MERS). The plan covers substantially all full-time employees.

The Municipal Employees Retirement System of Michigan (MERS) is a multiple-employer statewide public employee retirement plan created by the State of Michigan to provide retirement, survivor and disability benefits, on a voluntary basis to the State's local government employees in the most efficient and effective manner possible. As such, MERS is a non-profit entity which has the responsibility of administering the law in accordance with the expressed intent of the Legislature and bears a fiduciary obligation to the State of Michigan, the taxpayers and the public employees who are its beneficiaries.

The passage of HB-5525/Act No. 220, with enactment on May 28, 1996, allowed the members of MERS to vote on and determine if MERS should become an independent public corporation. The vote resulted in approval to become independent of State control and MERS began to operate as an independent public corporation effective August 15, 1996. MERS issues a financial report, available to the public, that includes financial statements and required supplementary information for the system. A copy of the report may be obtained by writing to MERS at 447 N. Canal Road, Lansing, Michigan 48917.

All full time County employees are eligible to participate in the system. Benefits vest after ten years of service. General County employees who retire at or after age 60 with 10 years credited service are entitled to an annual retirement benefit, payable monthly for life, in an amount equal to 2.5 percent of the member's 5-year final average compensation. The system also provides death and disability benefits which are established by State Statute.

Participating County employees are not required to contribute to the system. The County is required to contribute the amounts necessary to fund the Michigan Municipal Employees Retirement System using the actuarial basis specified by statute.

Actuarial Accrued Liability - The actuarial accrued liability was determined as part of an actuarial valuation of the plan as of December 31, 1997. Significant actuarial assumptions used in determining the investment of present and future assets of 8.0%, (a) inflation, and (b) additional projected salary increases of 4.5% per year, depending on age, attributable to seniority/merit and (c) the assumption that benefits will increase 2.5% annually after retirement.

All entries are based on the actuarial methods and assumption that were used in the December 31, 2003 actuarial valuation to determine the annual employer contribution amounts. the entry age normal actuarial method was used to determine the entries at disclosure.

ANTRIM COUNTY TRANSPORTATION
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2004

NOTE C - PENSION PLANS (CONTINUED)

GASB 25 INFORMATION (as of 12/31/03)

Actuarial Accrued Liability:	
Retirees and beneficiaries currently receiving benefits	\$ 5,628,367
Terminated employees not yet receiving benefits	1,006,597
Non-vested terminated employees	25,594
Current employees:	
Accumulated employee contributions including allocated investment income	670,780
Employer financed	<u>11,458,103</u>
Total Actuarial accrued liability	18,789,441
Net Assets Available for Benefits, at actuarial value (Market Value is \$13,871,227)	<u>15,191,227</u>
Unfunded (over funded) actuarial accrued liability	<u>\$ 3,598,214</u>

GASB 27 INFORMATION (as of 12/31/03)

Fiscal year beginning	January 1, 2004
Annual required contribution (ARC)	\$ 838,464
Amortization factor used - Underfunded liabilities (30 years)	0.053632
Amortization factor used - Underfunded liabilities (28 years)	0.055889
Amortization factor used - Overfunded liabilities (10years)	0.119963

Contributions Required and Contributions Made

MERS funding policy provides for periodic employer contributions at actuarially determined rates that, expressed as percentages of annual covered payroll, are designed to accumulate sufficient assets to pay benefits when due. The normal cost and amortization payment for the fiscal year ended December 31, 2003 were determined using the entry age normal actuarial funding method. Unfunded actuarial accrued liabilities, if any, were amortized as a level percent of payroll over a period of 30 years. The following table provides a schedule of contribution amounts and percentages for recent years.

Annual Pension Cost

<u>Year Ended December 31,</u>	<u>Annual Pension Cost (APC)</u>	<u>Percentage Of APC Contributed</u>	<u>Net Pension Obligation</u>
2001	\$ 461,947	100%	\$ -0-
2002	529,177	100%	-0-
2003	674,928	100%	-0-

The County was required to contribute \$783,288 for the year ended December 31, 2004. Payments were based on contribution calculations made by MERS. This amount includes all departments of the County - General, Sheriff, Medical Care and Transportation. The Transportation portion of the total was \$39,401 for 2004.

ANTRIM COUNTY TRANSPORTATION
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2004

NOTE C - PENSION PLANS (CONTINUED)

Actuarial Valuation Date <u>December 31</u>	Actuarial Value of Assets	Actuarial Accrued Liability (AAL)	Unfunded AAL (UAAL)	Funded Ratio	Covered Payroll	UAAL as a % Of Covered Payroll
2001	\$12,552,877	\$ 15,344,161	\$ 2,791,284	82%	\$ 7,637,321	37%
2002	13,506,106	17,011,046	3,504,940	79%	8,345,095	42%
2003	15,191,227	18,789,441	3,598,214	81%	8,995,554	40%

For actuarial valuation purposes, the actuarial value of assets is determined on the basis of a calculation method that assumes the fund earns the expected rate of return (8%), and includes an adjustment to reflect market value.

Actuarial assumptions for MERS valuations were revised for the 1993, 1997 and 2000 valuations. The funding method was changed to entry age normal for the 1993 valuation.

NOTE D - CASH AND INVESTMENTS

Deposits - The balance sheet at December 31, 2004 contained \$183,596 which was on deposit with the Antrim County Treasurer in the common bank accounts. The Transportation's cash is invested along with other County funds. The following are authorized investments and all county investments at December 31, 2004 meet these guidelines. No funds were invested in derivatives at year end.

Investments - Public Act 196 of 1997, authorized the County Treasurer to deposit and invest in the following:

- (a) bonds, securities and other obligations of the United States or its agencies
- (b) certificates of deposit, savings accounts, deposit accounts, or depository receipts of federally insured banks, insured savings and loan associations or credit unions insured by the national credit union administration that are eligible to be depository of surplus money belonging to the State and have a principal office or branch office in Michigan.
- (c) commercial paper rated at time of purchase within the three highest classifications established by not less than two standard rating services. Maturity cannot be more than 270 days after purchase.
- (d) United States government or Federal agency obligation repurchase agreements
- (e) bankers' acceptance of United States banks
- (f) mutual funds composed of investments which are legal for direct investments by local units of government in Michigan and are properly registered with the State.

NOTE E - POST EMPLOYMENT HEALTH CARE BENEFITS

No transportation employees are eligible for post employment health care benefits.

ANTRIM COUNTY TRANSPORTATION
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2004

NOTE F - RISK MANAGEMENT/INSURANCE PROGRAMS

The Antrim County Transportation fund is a member of the Michigan Transit Pool. Coverage is limited to book value or cost of repairs, whichever is less. Book value is established annually on a report sent to the Transit Pool. There is a \$2,000 deductible per occurrence. Coverage is limited to \$4,000,000 per occurrence for liability.

Antrim County participates in the Michigan Municipal Risk Management Authority for general liability and property damage coverage. The County makes annual contributions based on actuarial studies using historical data and insurance industry statistics. The transportation fund building is covered through this plan.

The County is a member of the Michigan Counties Workers' Compensation Fund. Full statutory coverage for worker's disability compensation and employer's liability is guaranteed by the Fund for Michigan operations through authority granted by the State of Michigan under Chapter 6, Section 418.611.

SUPPLEMENTAL INFORMATION

ANTRIM COUNTY TRANSPORTATION
OPERATING REVENUES
YEAR ENDED DECEMBER 31, 2004

SCHEDULE 1

Operating Revenues

	<u>Jan-Sept</u>	<u>Oct-Dec</u>	<u>Total</u>
Demand-response (farebox)	\$ 89,546	\$ 33,055	\$ 122,601
Maintenance fees - outside agencies	19,442	6,212	25,654
Fuel sales to outside agencies	<u>63,776</u>	<u>22,714</u>	<u>86,490</u>
 Total Operating Revenues	 <u>\$ 172,764</u>	 <u>\$ 61,981</u>	 <u>\$ 234,745</u>

ANTRIM COUNTY TRANSPORTATION
OPERATING EXPENSES
YEAR ENDED DECEMBER 31, 2004

SCHEDULE 2

	Operations	Maintenance	General Administration	Total System
Labor				
Operator's salaries and wages	\$ 143,689	\$ -	\$ -	\$ 143,689
Other salaries and wages	-	51,536	67,770	119,306
Dispatchers	48,809	-	-	48,809
Fringe Benefits	130,902	35,047	46,072	212,021
Services				
Other services	4,609	212	5,380	10,201
Building maintenance	-	4,179	-	4,179
Materials and Supplies Consumed				
Fuel and lubricants	121,374	-	-	121,374
Other materials and supplies	4,058	48,699	832	53,589
Utilities	13,138	1,623	1,082	15,843
Casualty and Liability Costs				
Premiums for public liability and property damage insurance	67,244	-		67,244
Miscellaneous Expenses				
Travel/convention	-	-	1,005	1,005
Depreciation	151,634	7,098	2,932	161,664
Total Expenses	<u>\$ 685,457</u>	<u>\$ 148,394</u>	<u>\$ 125,073</u>	<u>\$ 958,924</u>

ANTRIM COUNTY TRANSPORTATION
NONOPERATING REVENUES
YEAR ENDED DECEMBER 31, 2004

SCHEDULE 3

Local Operating Grants

Antrim County Appropriation	<u>\$ 62,000</u>
Subtotal Local Operating Grants	<u>62,000</u>

State of Michigan Operating Grants

Formula Operating Assistance	290,040
RTAP Revenue/Expense Reimbursement Grants	<u>718</u>
Subtotal State of Michigan Operating Grants	<u>290,758</u>

Federal Operating Grants

U.S. DOT Operating Grant - Section 5311	<u>64,550</u>
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Capital Equipment Grants

Federal	8,740
State	<u>2,185</u>
Subtotal Capital Equipment Grants	<u>10,925</u>

Interest Income

	<u>4,670</u>
Total Nonoperating Revenues	<u><u>\$ 432,903</u></u>

ANTRIM COUNTY TRANSPORTATION
LOCAL OPERATING REVENUES
YEAR ENDED DECEMBER 31, 2004

SCHEDULE 4

Local Operating Grants

	<u>Jan-Sept</u>	<u>Oct-Dec</u>	<u>Total</u>
Antrim County Appropriation	<u>\$ 62,000</u>	<u>\$ -</u>	<u>\$ 62,000</u>

ANTRIM COUNTY TRANSPORTATION
CAPITAL CONTRACTS/CONTRIBUTIONS
YEAR ENDED DECEMBER 31, 2004

SCHEDULE 5

Grantor: Michigan Department of Transportation

<u>Contract #</u>	<u>Grant Amount</u>	<u>Previous Amount Earned</u>	<u>Amount Earned 2004</u>	<u>Amount Remaining</u>
2002-0008Z6	6,250	5,165	-	1,085
2002-0008Z4	106,427	85,055	-	21,372
2002-0008Z3	63,438	25,069	10,925	27,444
2002-0008Z8	58,000	-	-	58,000
2002-0008Z9	12,000	-	-	12,000
	<u>\$ 246,115</u>	<u>\$ 115,289</u>	<u>\$ 10,925</u>	<u>\$ 119,901</u>

The Federal portion of amount earned in 2004 is \$8,740.

ANTRIM COUNTY TRANSPORTATION
EXPENSES BY CONTRACT AND GENERAL OPERATIONS
YEAR ENDED DECEMBER 31, 2004

SCHEDULE 6

	Expense Reimbursement RTAP Grants	2004 Operations	Total
Labor	\$ -	\$ 311,804	\$ 311,804
Fringe benefits	-	212,021	212,021
Services	-	10,201	10,201
Building maintenance	-	4,179	4,179
Materials and supplies	-	174,963	174,963
Utilities	-	15,843	15,843
Casualty and liability insurance costs	-	67,244	67,244
Miscellaneous	718	287	1,005
Depreciation	-	161,664	161,664
Total	718	958,206	958,924
Less			
Ineligible Expenses	(718)	(258,200)	(258,918)
Total Eligible Expenses	\$ -	\$ 700,006	\$ 700,006

ANTRIM COUNTY TRANSPORTATION
NET ELIGIBLE COSTS COMPUTATIONS OF GENERAL OPERATIONS
YEAR ENDED DECEMBER 31, 2004

SCHEDULE 7

	<u>Jan-Sept</u>	<u>Oct-Dec</u>	<u>Total</u>
	<u>Federal</u>	<u>Federal</u>	<u>01/01/04</u>
	<u>Section 5311</u>	<u>Section 5311</u>	<u>12/31/04</u>
Expenses			
Labor	\$ 263,484	\$ 48,320	\$ 311,804
Fringe benefits	160,276	51,745	212,021
Services	8,094	2,107	10,201
Building maintenance	3,984	195	4,179
Materials and supplies	125,396	49,567	174,963
Utilities	12,045	3,798	15,843
Casualty and liability costs	50,434	16,810	67,244
Miscellaneous	627	378	1,005
Depreciation	<u>121,248</u>	<u>40,416</u>	<u>161,664</u>
Total Expenses	745,588	213,336	958,924
Less Ineligible Expenses			
Depreciation	(119,777)	(39,926)	(159,703)
County and school maintenance costs	(12,326)	(3,024)	(15,350)
Audit fee	(2,033)	(677)	(2,710)
Other - RTAP reimbursements	(156)	(562)	(718)
Fuel cost - sold to outside agencies	<u>(59,211)</u>	<u>(21,226)</u>	<u>(80,437)</u>
Total Ineligible Expenses	<u>(193,503)</u>	<u>(65,415)</u>	<u>(258,918)</u>
Net Eligible Expenses	<u>\$ 552,085</u>	<u>\$ 147,921</u>	<u>\$ 700,006</u>
Maximum Section 5311 Reimbursement (10.95% for 1-1-04 to 9-30-04)			<u>\$ 60,453</u>
Maximum Section 5311 Reimbursement (10.95% for 10-1-04 to 12-31-04)			<u>\$ 16,197</u>
Maximum Section 5311 (Formerly Sec. 18)			<u>\$ 76,650</u>
Limited by contract to			<u>\$ 64,550</u>

Federal Section 5311 expenses are only those expenses incurred in providing service to nonurbanized areas.

ANTRIM COUNTY TRANSPORTATION
DETAIL OF INELIGIBLE EXPENSES
YEAR ENDED DECEMBER 31, 2004

SCHEDULE 8

Depreciation

Depreciation accrued by public operators is ineligible according to Section 5311 Requirements. \$1,961 of depreciation for locally funded equipment purchases is considered an eligible expense. The ineligible depreciation amount was \$159,703.

County and Bellaire School Maintenance

The amount disallowed for Federal Section 5311 Funding represents work performed on County and School vehicles for which reimbursement was received from the County of Antrim and the Bellaire Public Schools. The cost of the parts are excluded from eligible costs.

Other - RTAP Reimbursements

This amount represents expense reimbursements received during the year. In 2004 reimbursement was received as follows:

Training/seminar/travel expenses	\$ 718
	<u>\$ 718</u>

Audit Expense

Total federal funding for Antrim County for calendar year 2004 did not exceed \$500,000 so no single audit was required. The audit expenses are an ineligible expense because the Transportation Fund Federal revenues did not exceed \$500,000.

Regional ridership Settlement

During 2003 and early 2004 the County was negotiating a settlement with Charlevoix County relative to expenses related to a regional ridership agreement from prior years. An agreement was reached and the amount recorded as a payable at December 31, 2003 was \$16,086. That amount was not paid during 2004 and is still recorded as an account payable at December 31, 2004. the expense was not included as an eligible expense for 2003 nor 2004.

Fuel Sold to Outside Agencies

The entity has a cost allocation plan approved by MDOT which allows for a \$.10 per gallon profit on fuel sold to other agencies. In prior years the total sale of fuel was subtracted as an ineligible cost. In 2004, the cost of fuel sold was calculated and shown as an ineligible cost. The amount was \$80,437 for 2004.



Thomas R. Zick CPA, P.C.
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May 10, 2005

Board of Commissioners
Antrim County
Bellaire, Michigan 49615

As required by the Michigan Department of Transportation, schedules of mileage, vehicle hours and number of passengers transported for the twelve months ended December 31, 2004, follows. This supplemental information was not audited by me and accordingly, I do not express an opinion on it. However, I have reviewed the compilation methods for mileage and passenger data and found them reliable.

Respectfully submitted,

THOMAS R. ZICK CPA, P.C.
CERTIFIED PUBLIC ACCOUNTANT

ANTRIM COUNTY TRANSPORTATION
MILEAGE DATA, VEHICLE HOURS AND PASSENGERS
DECEMBER 31, 2004

SCHEDULES 9 AND 10

	Public Transportation <u>Mileage</u>	Vehicle <u>Hours</u>	Regular <u>Passengers</u>	Senior <u>Passengers</u>	Handicapper <u>Passengers</u>	Days <u>Operated</u>
DEMAND- RESPONSE						
1st Quarter	74,203	2,621	9,974	1,480	2,611	66
2nd Quarter	68,908	2,190	7,225	1,490	2,652	71
3rd Quarter	58,920	1,903	4,784	1,792	2,430	70
4th Quarter	<u>68,064</u>	<u>2,330</u>	<u>9,206</u>	<u>1,730</u>	<u>2,646</u>	<u>63</u>
TOTAL OPERATIONS	<u><u>270,095</u></u>	<u><u>9,044</u></u>	<u><u>31,189</u></u>	<u><u>6,492</u></u>	<u><u>10,339</u></u>	<u><u>270</u></u>

See Auditor's Disclaimer on Preceding page.